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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, CHAIRMAN
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AZ CORP COMMISSION
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IN THE MATTER OF THE
 APPLICATION OF SULPHUR
 SPRINGS VALLEY ELECTRIC
 COOPERATIVE, INC., AN ARIZONA
 NONPROFIT CORPORATION, FOR
 (1) APPROVAL OF A NEW NET
 METERING TARIFF; (2) APPROVAL
 OF REVISIONS TO ITS EXISTING
 NET METERING TARIFF; AND (3)
 PARTIAL WAIVER OF THE NET
 METERING RULES.

DOCKET NO. E-01575A-15-0127

NAVOPACHE AND MOHAVE
 ELECTRIC COOPERATIVES' 1)
 JOINDER IN SSVEC'S INITIAL
 BRIEF AND 2) SEPARATE
 COMMENTS ON PROCESS

Navopache Electric Cooperative, Inc. ("Navopache"), and Mohave Electric Cooperative, Incorporated ("Mohave"), intervenors in the above referenced matter and Arizona member-owned nonprofit corporations, hereby join Sulphur Springs Valley Electric Cooperative, Inc.'s ("SSVEC") Initial Brief¹ and provide these supplemental comments.

I. The Proposed Changes Can Occur Outside of a Rate Proceeding

Nothing in Arizona statutes, case law or the Commission rules preclude the Commission from altering the level of credit SSVEC provides to its net metering customers outside of a rate proceeding. The net metering rules,² the initial net metering

¹ MEC and NEC have insufficient knowledge and, therefore, neither adopts or contests SSVEC's statement of a particular dollar impact on its customers due to its current Net Metering tariff.

² See Decision No. 70567 dated October 23, 2008.

1 tariffs³ and most modifications to those tariffs have all been approved outside of rate
2 proceedings. The Commission is constitutionally required to ascertain the fair value of a
3 public service corporation's property "to aid it in the proper discharge of its duties"⁴
4 including the setting of just and reasonable rates.⁵ It must also provide a public service
5 corporation the opportunity to receive a fair rate of return on the fair value of its property.⁶
6 But the Commission has broad discretion in how it goes about determining fair value and
7 in determining the weight to be given that factor in any particular case.⁷

8 For example, when initially approving MEC's Net Metering tariff the Commission
9 considered the fair value finding in MEC's most recent rate case (20 years earlier) and the
10 updated information provided by MEC pursuant to A.A.C. R14-2-2307 as sufficient "for
11 the purpose of evaluating any specific proposed charges."⁸ Clearly the Commission has
12 already determined through its net metering rules that proposed charges under a net
13 metering tariff can be considered outside of a full rate case. Certainly, a request to reduce
14 a credit which non-net metering customers do not receive and which is creating an
15 unintended subsidy, as well as requests for waivers can also be considered outside of a full
16 rate case, especially if similar information is provided and duly considered by the
17 Commission. This is especially true where the modifications are intended to halt the

18 ³ A.A.C. R14-2-2307 A required the filing of net metering tariffs within 120 days and a decision
19 on the filings by the Commission within 120 days following the filing.

20 ⁴ Article 15, § 14, Ariz. Const.

21 ⁵ *U.S. West Communications, Inc. v. Ariz. Corp. Comm'n*, 201 Ariz. 242 (2001).

22 ⁶ *Litchfield Park Serv. Co. v. Ariz. Corp. Comm'n*, 178 Ariz. 431 (App. 1994).

23 ⁷ *Phelps Dodge Corp. v. Ariz. Elec. Co-op., Inc.*, 207 Ariz. 95, 106 ¶26 (App. 2004) (consistent
24 with the pronouncement in *US West II*, 210 Ariz. 242, 245-46, that the Commission should
consider fair value when setting rates within a competitive market, although the Commission has
broad discretion in determining the weight to be given that factor in any particular case).

25 ⁸ See also, A.A.C. R14-2-2305 which requires any proposed "charges" increasing a Net Metering
26 Customer's costs beyond those of other customers with similar load characteristics or rate class be
"fully supported with the cost of service studies and benefit/cost analyses."

1 erosion of the return/margins authorized in the cooperative's last rate case. In ordering
2 electric utilities to accept net metering customers outside of a rate case, the Commission
3 could not, and certainly did not intend to deprive electric utilities of a reasonable
4 opportunity to achieve the returns/margins authorized by the Commission in their most
5 recent rate case. Yet, such appears to be the reality. In order to comply with its obligation
6 to allow public service corporations the opportunity to earn a fair rate of return on the fair
7 value of its property, the Commission should consider the evidence SSVEC is prepared to
8 offer as to why a reduction in the credit being given to net metering customers is
9 appropriate.

10 **II. Policy Considerations Do Not Justify Requiring a Rate Case**

11 Staff suggests that policy consideration justify requiring SSVEC pursue its
12 proposed Net Metering Tariff modifications in a rate case. The sole policy consideration
13 allegedly to be advanced, according to Staff, is the ability to more fully address the issues
14 raised by SSVEC's application, including the possibility of rate design changes.⁹ Staff
15 ignores the time and cost associated with filing a full rate case; the non-profit and member
16 owned character of SSVEC and SSVEC's willingness to accept a partial remedy in order
17 to forego the costs and time associated with a full rate case.


18 **III. Conclusion**

19 There is no legitimate reason for the Commission not to proceed to consider
20 SSVEC's application. Navopache and Mohave join with SSVEC in urging the
21 Commission consider and act upon its application to modify its Net Metering Tariff
22 outside of a full rate case.

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26 ⁹ Staff's Request for Procedural Order at 2, lines 16-17.

1 RESPECTFULLY SUBMITTED this 31st day of July, 2015.

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3 CURTIS, GOODWIN, SULLIVAN
4 UDALL & SCHWAB, P.L.C.

5 By 

6 Michael A. Curtis
7 William P. Sullivan
8 501 E. Thomas Rd.
9 Phoenix, Arizona 85012
10 Attorneys for Navopache Electric
11 Cooperative, Inc. and Mohave Electric
12 Cooperative, Incorporated

13 PROOF OF AND CERTIFICATE OF MAILING

14 I hereby certify that on this 31st day of July, 2015, I caused the foregoing document
15 to be served on the Arizona Corporation Commission by delivering the original and
16 thirteen (13) copies of the above to:

17 Docket Control
18 Arizona Corporation Commission
19 1200 West Washington Street
20 Phoenix, Arizona 85007

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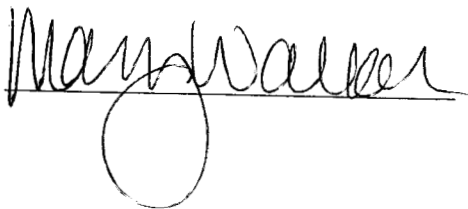
23 Jeffrey Crockett
24 Crockett Law Group PLLC
25 1702 E. Highland Avenue, Suite 204
26 Phoenix, Arizona 85016

Mark Holohan
Arizona Solar Energy Industries Association
2122 West Lone Cactus Drive, Suite 2
Phoenix, Arizona 85027

1 Gregory Bernosky
2 Arizona Public Service Company
3 Post Office Box 53999, MS 9708
4 Phoenix, Arizona 85072

5 Thomas Loquvam
6 Post Office Box 53999, MS 8695
7 Phoenix, Arizona 85072

8 Court Rich
9 7144 E. Stetson Drive, Suite 300
10 Scottsdale, Arizona 85251

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